

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01

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R 172240Z JUN 74

FM AMEMBASSY SAN JOSE

TO AMEMBASSY CARACAS

SECSTATE WASHDC 7284

LIMITED OFFICIAL USE SAN JOSE 2292

PASS ALSO USDA/FAS WASHDC

E.O. 11652: N/A

TAGS: EAGR, CS

SUBJECT: BEEF SALES TO VENEZUELA

REF: SAN JOSE 1992, SAN JOSE 1882, (FAS) CR 1013

1. PRESS REPORTS STATEMENT BY PRESIDENT ODUBER THAT COSTA RICA IS PREPARED TO SELL ALL OF ITS BEEF EXPORTS TO VENEZUELA AND THAT HE MADE THIS OFFER TO VENEZUELAN PRESIDENT PEREZ IN RECENT TELEPHONE CONVERSATION. ODUBER LAUDED RECENT SALE TO VENEZUELA OF ONE MILLION POUNDS AS BENEFICIAL TO LOCAL LABOR AND AS OPENING AN AIR BRIDGE BETWEEN TWO COUNTRIES AT A TIME WHEN VENEZUELA URGENTLY NEEDS BEEF. HE ALSO POINTED OUT THAT PRICE WAS SUPERIOR TO THAT WHICH U.S. MARKET WILLING TO PAY AND THAT COSTA RICAN BEEF REGARDED IN FIFTH CATEGORY BY U.S. PRESS ALSO REPORTED THAT ODUBER TOLD PEREZ THAT COSTA RICA COULD SELL 15,000 TO 20,000 HEIFERS AT PRICES RANGING BETWEEN \$250 AND \$300 PER HEAD.

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2. TONE OF ODUBER REMARKS WAS TO DEPRECIATE U.S. AS MARKET FOR COSTA RICAN BEEF AND TO EMPHASIZE COSTA RICA'S GOOD NEIGHBOR TO SOUTH. RECENT U.S. ACTION ON SUGAR AND TALK ABOUT REINSTITUTING BEEF QUOTAS COULD BE CONTRIBUTING FACTORS IN THIS EXPRESSED ATTITUDE.

3. COMMENT: LOCAL MEAT INDUSTRY CONSIDER ODUBER STATEMENTS AND RECENT BEEF SALE AS HIGHLY POLITICAL AND AGREE WITH OUR ASSESSMENT THAT VENEZUELA UNABLE TO ABSORB APPROXIMATE 50 MILLION POUNDS OF BONELESS BEEF THAT COSTA RICA EXPORTS ANNUALLY AND THAT VENEZUELAN MARKET IS TENUOUS DUE TO POSSIBLE RESUMPTION OF CATTLE SHIPMENTS FROM COLOMBIA. TRADE SOURCES REGARD CURRENT SHORTAGE AS RELATED TO COLOMBIAN CONTROL OF ILLEGAL CATTLE MOVEMENTS, BUT BELIEVE THAT SUCH TRADE IS RESUMING. THEY REPORT INQUIRIES FROM PRIVATE VENEZUELAN FIRMS FOR BEEF, BUT DO NOT LIKE THEIR METHODS OF DOING BUSINESS.

4. AS REPORTED PREVIOUSLY, SALE IS GIVEN BY PRIVATE TRADE AS 1,000 METRIC TONS OF CARCASS BEEF AT 57.5 CENT PER POUND WHICH IS EQUIVALENT OF ABOUT 78 CENTS PER POUND FOR BONELESS BEEF AT A TIME WHEN BONELESS BEEF HAS BEEN SELLING TO U.S. AT 68 TO 62 CENTS PER POUND (DECLINING). SINCE CARCASS BEEF IS BEING SHIPPED, LOCAL VALUE ADDED IS MINIMIZED AS OPPOSED TO ODUBERS' CLAIM OF BENEFITING LOCAL LABORERS. ODUBER REFERENCE TO COSTA RICAN BEEF BEING REGARDED IN FIFTH CATEGORY PROBABLY REFERS TO FACT THAT COSTA RICA HAS TRADITIONALLY BEEN FIFTH RANKING EXPORTER TO U.S. CURRENTLY COSTA RICA IS THIRD. TRADE GENERALLY REGARDS COSTA RICAN BEEF AS HIGHEST QUALITY IN CENTRAL AMERICA. PRESS REPORT ON HEIFER SALES ABOUT SAME AS TRADE HAS BEEN REPORTING.

5. WOULD APPRECIATE CARACAS ASSESSMENT OF VENEZUELAN BEEF MARKET ABILITY TO ABSORB LARGE QUANTITIES OF COSTA RICAN BEEF AND SIGNIFICANCE OF ODUBER COMMENTS IN BOTH TRADE AND POLITICAL SENSE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CATTLE, TRADE DATA, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO02292
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740157-1026
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740639/aaaabhej.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: SAN JOSE 1992, SAN JOSE 1882, (FAS), CR 1013
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by martinml>; APPROVED <19 FEB 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BEEF SALES TO VENEZUELA
TAGS: EAGR, CS, VE, US
To: CARACAS STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005